

Clean Development Mechanism South Africa
Designated National Authority



Department of Minerals and Energy

**SUSTAINABLE DEVELOPMENT CRITERIA FOR APPROVAL OF
CLEAN DEVELOPMENT MECHANISM PROJECTS BY THE
DESIGNATED NATIONAL AUTHORITY OF THE CDM**

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1. Background

In accordance with the procedures for the CDM agreed at Marrakech in 2001 participants in CDM projects will have to provide *“written approval of the voluntary participation from the designated national authority of each party involved, including confirmation by the host party that the project activity assists it in achieving sustainable development”* (Section 40(a), Decision 17/CP.7).

Host country project approval is one of the prerequisites of the registration of a potential CDM project with the United Framework Convention on Climate Change and the Kyoto Protocol. The rules which govern the CDM require a letter from the DNA of the host country which confirms that the project activity assists it in achieving sustainable development. The CDM procedures leave the definition of what sustainable development means as a sovereign decision of each developing country.

Therefore, for South Africa's participation in the CDM there has to be a procedure in place for deciding whether a proposed CDM project does assist the county in achieving sustainable development. The criteria to be used by the DNA in evaluating whether a project supports sustainable development are provided below. A companion document outlines the approval procedure to be followed.

2. Definition

Sustainable development is defined in the National Environmental Management Act (NEMA) as *“the integration of social, economic and environmental factors into planning, implementation and decision making so as to ensure that development serves present and future generations”*. This definition of sustainable development will inform the decisions of the DNA of the CDM.

3. Criteria for CDM Project Approval

In accordance with the NEMA definition of sustainable development, three core criteria will be used to assess the contribution of the proposed project to sustainable development in South Africa. These are supported by additional criteria to allow the DNA to effectively regulate clean development mechanism project activity in South Africa.

Sustainable development criteria

The DNA will evaluate CDM projects submitted to it through consideration of the following three criteria:

1. **Economic:** Does the project contribute to national economic development?
2. **Social:** Does the project contribute to social development in South Africa?
3. **Environmental:** Does the project conform to the National Environmental Management Act principles of sustainable development? These are that “sustainable development requires the consideration of all relevant factors including the following:
 - a. That the disturbance of ecosystems and loss of biological diversity are avoided, or where they cannot be avoided, are minimised and remedied
 - b. That pollution and degradation of the environment are avoided, or where they cannot be altogether avoided, are minimised and remedied
 - c. That the disturbance of landscapes and sites that constitute the nation’s cultural heritage is avoided, or where it cannot be altogether avoided, is minimised and remedied
 - d. That waste is avoided, or where it cannot be altogether avoided, minimised and reused or recycled where possible and otherwise disposed of in a responsible manner
 - e. That the use and exploitation of non-renewable resources is responsible and equitable, and takes into account the consequences of the depletion of the resource
 - f. That the development, use and exploitation of renewable resources and the ecosystems of which they are part do not exceed the level beyond which their integrity is jeopardized
 - g. That a risk averse and cautious approach is applied, which takes into account the limits of current knowledge about the consequences of decisions and actions
 - h. That negative impacts on the environment and on people’s environmental rights be anticipated and prevented, and where they cannot be altogether prevented, are minimised and remedied.”

In determining the answers to questions 1-3 the DNA should be informed by consideration of the project indicators provided in Table 1. overleaf.

General regulatory authority

If a project is deemed by the DNA to be contrary to the spirit of the Kyoto Protocol or contrary to the intention of stated government policy the DNA reserves the right to refuse project approval until such time as suitable alterations are made to the project design. In such instances clear reasons for the rejection of a project must be provided by the DNA.

Table 1. Indicators in support of the project approval criteria

Criteria		Indicator
Environmental	Impact on local environmental quality	<ul style="list-style-type: none"> • Impact of the project on air quality • Impact of the project on water pollution • Impact of the project on the generation or disposal of solid waste • Any other positive or negative environmental impacts of the project (such as impacts on noise, safety, visual impacts, or traffic)
	Change in usage of natural resources	<ul style="list-style-type: none"> • Impact of the project on community access to natural resources • Impact of the project on the sustainability of use of water, minerals or other non renewable natural resources • Impact of the project on the efficiency of resource utilisation
	Impacts on biodiversity and ecosystems	<ul style="list-style-type: none"> • Changes in local or regional biodiversity arising from the project
Economic	Economic impacts	<ul style="list-style-type: none"> • Impact of the project on foreign exchange requirements • Impact of the project on existing economic activity in the area • Impact of the project on the cost of energy • Impact of the project on foreign direct investment
	Appropriate technology transfer	<ul style="list-style-type: none"> • Positive or negative implications for the transfer of technology to South Africa arising from the project • Impacts of the project on local skills development • Demonstration and replication potential of the project
Social	Alignment with national provincial and local development priorities	<ul style="list-style-type: none"> • How the project is aligned with provincial and national government objectives • How the project is aligned with local developmental objectives • Impact of the project on the provision of, or access to, basic services to the area • Impact of the project on the relocation of communities if applicable • Contribution of the project to a any specific sectoral objectives (for example, renewable energy targets)
	Social equity and poverty alleviation	<ul style="list-style-type: none"> • Impact of the project on employment levels? (specify the number of jobs created/lost; the duration of time employed, distribution of employment opportunities, types of employment, categories of employment changes in terms of skill levels and gender and racial equity) • Impact of the project on community social structures • Impact of the project on social heritage • Impact of the project on the provision of social amenities to the community in which the project is situated • Contribution of the project to the development of previously underdeveloped areas or specially designated development nodes
General	General project acceptability	<ul style="list-style-type: none"> • Are the distribution of project benefits reasonable and fair?

4. Application of Criteria

The DNA will consider each project application against the three core criteria and will make an assessment of whether *on balance* the project supports sustainable development in the country. In some instances, projects will have a negative impact on one or more dimensions of sustainable development and a positive impact on the other dimensions. In such cases the DNA, in fulfilment of its regulatory role and with support from the inter-departmental advisory committee, will assess the overall contribution or otherwise of the project to sustainable development.

Reasons for the decision

The DNA will provide reasons for the decision. In these reasons the DNA will set out the analysis behind the decision and will note the expected performance of the project against the relevant indicators used.

Given the complexity of numerically weighting indicators against one another the DNA will not use a pre-defined formal scoring system to score and evaluate projects.